

Message Text

UNCLASSIFIED

PAGE 01 TEL AV 00440 211119Z

51

ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 COME-00 EUR-12 FRB-01 TRSE-00

AID-05 SCCT-01 CIAE-00 DODE-00 INR-07 NSAE-00 PA-02

RSC-01 USIA-15 PRS-01 SP-02 OMB-01 /065 W

----- 107214

R 211039Z JAN 75

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 5301

INFO AMEMBASSY AMMAN

AMCONSUL JERUSALEM

UNCLAS TEL AVIV 0440

E.O. 11652: N/A

TAGS: EFIN, IS

SUBJ: TOURISM IN ISRAEL

REF: TEL AVIV 7414, DECEMBER 23, 1974

1. NUMBER OF TOURISTS ARRIVING IN ISRAEL IN 1974 REACHED 624,700, A DECREASE OF 6 PERCENT FROM 1973 AND 14 PERCENT FROM 1972. DECLINE WAS PARTICULARLY APPARENT IN THE FIRST NINE MONTHS OF THE YEAR WHEN COMPARED WITH THE PRE-OCTOBER WAR-PERIOD IN 1973. TOURIST ARRIVALS SHOWED SOME INCREASE IN LAST QUARTER 1974 WHICH SURPRISING IN VIEW PRICE INCREASES AND HIGHER LEVEL OF TERRORIST ACTIVITY.

2. INCOME FROM TOURISM DECREASED EVEN MORE SHARPLY. DURING PERIOD JANUARY THROUGH SEPTEMBER, 1974, REVENUES FELL BY 28 PERCENT (COMPARED TO 17 PERCENT DROP IN NUMBER OF ARRIVING TOURISTS) TO \$140.1 MILLION FROM \$194.5 MILLION DURING SAME PERIOD IN 1973. (NO LATER DATA ON TOURISM YET AVAILABLE). IN REAL TERMS, DECLINE IN INCOME IS MUCH STEEPER CONSIDERING ISRAEL'S CURRENT HIGH RATE OF INFLATION. AMONG REASONS FOR DRASTIC FALL IN TOURISM INCOME ARE SHORTER DURATION OF STAY PER TOURIST, AND THRIFTIER SPENDING HABITS OF TOURISTS. HOWEVER, DATA FOR THE LAST THREE MONTHS OF UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TEL AV 00440 211119Z

1974 MAY IMPROVE, TO SOME EXTENT, INCOME PICTURE FOR ENTIRE

YEAR.

3. DECLINE IN TOURISM ATTRIBUTABLE TO: (A) CONTINUOUS TENSION IN THE MIDDLE EAST FOLLOWING OCTOBER WAR, ACCOMPANIED BY OCCASIONAL WIDELY PUBLICIZED TERRORIST ASSAULTS; (B) RATE OF ISRAELI INFLATION WHICH REACHED 56.2 PERCENT IN 1974. EVEN DEVALUATION OF ISRAELI POUND IN NOVEMBER BY 43 PERCENT PROBABLY WILL NOT SUBSTANTIALLY INCREASE ISRAEL'S COMPETITIVE POSITION IN WORLD TOURISM MARKET BECAUSE MANY LOCAL PRICES OF GOODS AND SERVICES (INCLUDING HOTEL PRICES) HAVE RISEN BY AT LEAST EQUAL RATE; (C) ECONOMIC DIFFICULTIES IN EUROPE AND IN US HAVE DAMPENED PROPENSITY TO TRAVEL, AND ACCORDING TO TOURISM MINISTER KOL, HAVE HIT OTHER TOURISM COUNTRIES SUCH AS ITALY, SPAIN, AND GREECE EVEN HARDER THAN ISRAEL.

4. DURING JANUARY-OCTOBER 1974, 33.1 PERCENT OF TOTAL NUMBER OF TOURISTS FROM US (ONE-THIRD OF WHOM FROM NEW YORK), FOLLOWED BY UK (11.0 PERCENT). FRANCE (10.7 PERCENT), WEST GERMANY (7.2 PERCENT), AND SCANDINAVIA (4.7 PERCENT).

5. HOTEL INDUSTRY HAS BEEN HEAVILY AFFECTED BY TOURISM CRISIS. NUMBER OF HOTEL ROOMS HAS INCREASED MARKEDLY IN RECENT YEARS. DUE TO ATTRACTIVE INCENTIVES OFFERED TO INVESTORS IN HOTEL INDUSTRY PRIOR TO OCTOBER WAR, NUMBER REPORTEDLY MAY DOUBLE WITHIN NEXT 2-3 YEARS. MOST OF NEW HOTELS WERE ERECTED IN TEL AVIV, JERUSALEM AND EILAT. IN EILAT, NUMBER OF HOTEL ROOMS TRIPLED SINCE 1972 TO 2,000. CONCOMITANTLY, AVERAGE OCCUPANCY HAS FALLEN TO BETWEEN 30 AND 70 PERCENT. THERE ARE REPORTS OF SEVERAL SMALL HOTELS CLOSING, OR SUSPENDING OPERATIONS. TEL AVIV HILTON AND SHERATON HOTELS HAVE CHANGED OWNERSHIPS. HOTELIERS ARE URGING GOI FOR SUBSIDIES OR PREMIUMS FOR DOLLAR EARNINGS; TO ALLOW EXPANDED CHARTER FLIGHTS TO ISRAEL; TO INVEST IN MORE TOURISM-INFRASTRUCTURE PROJECTS SUCH AS ENTERTAINMENT CENTERS, CASINOS, SEAFRONT RESORT, ETC; AND TO STIMULATE INTERNAL TOURISM.

6. HOWEVER, EVEN IF ALL RECOMMENDED ACTIONS TO ATTRACT FOREIGN VISITORS ARE TAKEN, RECOVERY OF TOURISM TO 1972 LEVEL WILL DEPEND, INTER-ALIA, ON GOI'S SUCCESS IN CONTROLLING INFLATIONARY PRESSURES, ON RELATIVE POLITICAL AND MILITARY

UNCLASSIFIED

PAGE 03 TEL AV 00440 211119Z

TRANQUILITY IN REGION, AND ON IMPROVEMENT IN WORLD ECONOMIC SITUATION.
VELIOTES

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOURISM, DATA, ECONOMIC CONDITIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TELAV00440
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750022-0666
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750132/aaaabchf.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 TEL AVIV 7414, 75 DECEMBER 23, 75 1974
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2003 by BrownAM>; APPROVED <18 FEB 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TOURISM IN ISRAEL
TAGS: EFIN, IS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006